

Figure REV-02
**Outline of State Tax System
as of January 1, 2008**

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage Excise Taxes:				
Beer	Gallon	\$0.20	Equalization	General
Distilled Spirits	Gallon	\$3.30	Equalization	General
Dry Wine/Sweet Wine	Gallon	\$0.20	Equalization	General
Sparkling Wine	Gallon	\$0.30	Equalization	General
Hard Cider	Gallon	\$0.20	Equalization	General
Corporation:				
General Corporation	Net income	8.84% ¹	Franchise	General
Bank and Financial Corp.	Net income	10.84%	Franchise	General
Alternative Minimum Tax	Alt. Taxable Income	6.65% ¹	Franchise	General
Tobacco:				
Cigarette	Package	\$0.87 ²	Equalization	See below ²
Other Tobacco Products	Wholesale price	45.13% ³	Equalization	See below ³
Energy Resources				
				Energy Resources
Surcharge				
		Kilowatt hours	\$0.0002	Equalization
Horse Racing License				
		Amount wagered	0.4-2.0%	Horse Racing Bd.
Estate				
		Taxable Fed. Estate	0% ⁶	State Controller
Insurance				
		Gross Premiums	2.35% ⁷	Insurance Dept.
Liquor License Fees				
		Type of license	Various	Alc. Bev. Control
Motor Vehicle:				
Vehicle License Fees (VLF)	Market value	0.65% ⁸	DMV	Motor VLF, Local Revenue ⁹
Fuel—Gasoline	Gallon	\$0.18	Equalization	Motor Vehicle Fuel ¹⁰
Fuel—Diesel	Gallon	\$0.18	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	\$40.00	DMV	Motor Vehicle ¹¹
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway ¹²
Personal Income				
		Taxable income	1.0-9.3%	Franchise
		Proposition 63 Surcharge	Taxable income > \$1 million	1.0%
		Alternative Minimum Tax	Alt. Taxable Income	7.0%
Private Railroad Car				
		Valuation	13 Equalization	
Retail Sales and Use				
		Sales or lease of taxable item	5.75% ¹⁴	Equalization

¹ Min. tax \$800 per year for existing corporations. New corporations are exempt from the min. tax for the first two years

² This tax is levied at the combined rate of 10 cents/pack of 20 cigarettes for the General Fund, 25 cents/pack for the Cigarette and Tobacco Products Surtax Fund, 2 cents/pack for the Breast Cancer Fund, and 50 cents/pack for the California Children and Families First Trust Fund.

³ A tax equivalent to the tax on cigarettes. The rate reflects the 50 cents/pack established by the California Children and Families First Initiative, with funding for Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund

⁴ The Fair and Exposition Fund supports county fairs and other activities, the Satellite Wagering Account funds construction of Satellite Wagering Facilities and health and safety repairs at fair sites. Wildlife Restoration Fund and General Fund also receive monies.

⁶ The Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax by 2010. As part of this, the Act eliminates the State pick-up tax beginning in 2005. The federal Act sunsets after 2010; at that time, the federal estate tax will be reinstated along with the State's estate tax, unless future federal legislation is enacted.

⁷ Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans, surplus lines, and nonadmitted insurance.

⁸ Department of Motor Vehicles. Beginning January 1, 1999, vehicle owners paid only 75 percent of the calculated tax, and the remaining 25 percent (offset percentage) was paid by the General Fund. Chapter 74, Statutes of 1999, increased the offset to 35 percent on a one-time basis for the 2000 calendar year. Chapters 106 and 107, Statutes of 2000, and Chapter 5, Statutes of 2001, extended the 35-percent offset through June 30, 2001, and provided for an additional 32.5-percent reduction, which was returned to taxpayers in the form of a rebate. Beginning July 1, 2001, the VLF offset was set at 67.5 percent. From June 30, 2003, through November 18, 2003, the VLF reduction was suspended. On November 17, 2003, Governor Schwarzenegger rescinded the suspension, thereby reinstating the offset. Effective January 1, 2005, the VLF rate is 0.65 percent.

⁹ For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

¹⁰ For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

¹¹ For support of State Department of Motor Vehicles, California Highway Patrol, other agencies, and motor vehicle related programs.

¹² For State highways and State Department of Motor Vehicles administrative expense. Chapter 861, Statutes of 2000, replaced the fee schedule for trucks, based on the unladen weight of commercial trucks and trailers, with a new schedule based on the gross weight capacity of trucks alone, in order to comply with the International Registration Plan standards. Chapter 719, Statutes of 2003, increased weight fees to achieve revenue neutrality as specified in Chapter 861.

¹³ Average property tax rate in the State during preceding year.

¹⁴ Includes a 5 percent rate for the State General Fund, a 0.25 percent rate for the Economic Recovery Fund, and a 0.50 percent rate for the Local Revenue Fund.